



ZERO TOLARANCE

By Terry Fiske

So you're a landlord? Or are you thinking about becoming one. Let me tell you it ain't easy!

You're probably sinking in your chair right about now thinking, I'm not even two sentences into the article, and already I'm nervous. Don't be. We here at LLA believe in giving you the truth - nothing more, nothing less.

Lets talk about one of the fundamental aspects of our business that no one seems to talk enough about. This is the avenue of collections, i.e. you getting paid on time. We want you to develop what we call a Zero Tolerance Policy. Were not advocating that you become a ruthless tyrant or an old man Potter from Its a Wonderful Life, but we are saying that you ought to have a line that no one crosses. It's really up to you set that line, but you have to have one. It is an absolute must. This business that we are involved in is a very simple, yet very complicated business. Many times you are faced with decisions that, as a business owner, are easy, but as an individual, are difficult. In those times you must remember why you are in this business . . . **TO MAKE MONEY.**

You may be asking yourself, "How do I create a Zero Tolerance Policy?" This is what we recommend.

1. **BE THE BANK.** - The bank doesn't care about your inability to pay. They are all business - so are you.
2. **DRAW THE LINE.** - You don't have to throw people out on the street on the 2nd of the month. You should have a system set up. For example: The rent is always due the first, there is a grace period until the fifth. After the fifth, there is a \$25.00 late fee. If the rent is not received by the 10th, then the eviction starts.
3. **KEEP FLEXIBILITY IN CHECK.** - We're not trying to contradict our previous statements or confuse you, but this is your opportunity to be a humanitarian - without getting burned. You may choose to grant a one-time extension to an individual who really needs it. This extension should not be so long that it leaves you exposed. A respectable extension could be five days. You should only decide to grant this extension, if the tenant has contacted you. Never, never, grant an extension to an individual that you have to contact for the rent. You will most likely be out five more days of rent. Also, make absolutely certain to inform your tenant that this is a one-time extension and that this cannot become a habit. If after the five days, the tenant balks when you ask for the money, **YOU EVICT.**
4. **STICK TO YOUR GUNS.** - When the time comes, you will do what you have to do. This is not something that is fun or comfortable its business. You have to put food on the table and you also have to pay a bank that doesn't accept excuses as payment.
5. **OPERATE FROM A POSITION OF STRENGTH.** - Make certain that you pace your business growth. Just because you can buy a piece of property doesn't mean that you can afford it. Understanding this principal will help keep you out of financial trouble. If you are desperate for money because you're spread thin and have no cushion in the bank, you're going to start playing Lets Make a Deal. This is not a game you want to play when you're collecting rent. It is better to take the loss and evict, than to hope that some late payer will get you out of hot water. Believe me, money in the bank takes a lot of stress out of this business.

Don't deviate from the system! Don't do it! I know that there will be times that you will want to, but it is in your financial best interest not to. Believe me, I know!

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